

SENATE BILL 901  
By McLeary

AN ACT to amend Tennessee Code Annotated, Section  
66-34-602, relative to the Prompt Pay Act of 1991.

BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF TENNESSEE:

SECTION 1. Tennessee Code Annotated, Section 66-34-602(a), is amended by adding the following language as a new subdivision (3) and by renumbering subsequent subdivisions accordingly:

(3) If the notified party does not, within ten (10) calendar days after receipt of such notice, make payment or provide the notifying party a response giving adequate legal reasons for failure of the notified party to make payment, the notifying party may suspend performance without being considered in breach of contract. A contract shall not vary or waive the time period for a notifying party to suspend performance or terminate a contract under this subsection. A party that suspends performance as provided in this section shall not be required to furnish further labor, materials or services until that party is paid the amount due, costs of shut-down, delay and start-up, and interest as provided in this chapter.

SECTION 2. Tennessee Code Annotated, Section 66-34-602(b), is amended by deleting the subsection in its entirety and by substituting instead the following language:

(b) Reasonable attorney's fees shall be awarded against the nonprevailing party in any suit to declare or enforce rights under this chapter.

SECTION 3. This act shall take effect upon becoming a law, the public welfare requiring it.